

# Sunnyside Gold Corporation

5075 S Syracuse Street, 800  
Denver, Colorado 80237

April 21, 2014

Messrs. Peter Butler, Steve Fearn and Bill Simon  
Co-Coordiators - Animas River Stakeholders Group

Re: Game Plan for the Animas River

Gentlemen:

We believe that the collaborative efforts of the Animas River Stakeholders Group (ARSG) are headed in the right direction to successfully improve water quality and habitats in the Animas. The "Game Plan" set forth in this letter is a proposed road map and schedule to achieve success through the collaborative efforts of multiple stakeholders within the ARSG framework.

The Game Plan consists of nine steps in three years:

The Game Plan		
1	Continue to Gather the Requisite Knowledge to Understand the Problem	Ongoing
2	Continue to Pursue Innovative Technologies to Address the Problem	Ongoing
3	Pursue Funding and Resources for Solution – <i>See Appendix 1</i>	Present – 10-2016
4	Undertake Preparatory Work to Bulkhead Red & Bonita	2014
5	Bulkhead Red & Bonita	2015
6	Analyze Impact of Red & Bonita Bulkhead	Commencing 2015
7	Select Preferred Solution – <i>See Appendix 2</i>	November 2016
8	Commence Engineering of Preferred Solution	December 2016
9	Implementation of Preferred Solution	June 2017

We believe that the Game Plan presents the opportunity to profoundly improve water quality and habitats in the Animas, and look forward to discussing it with you and the other stakeholders. We are committed to the collaborative process, and would anticipate actively supporting the Game Plan.

Sincerely,



Larry Perino

Manager, Reclamation  
Sunnyside Gold Corporation

### **APPENDIX 1:**

The monies previously offered by Sunnyside Gold Corporation, the availability of which is dependent on SGC obtaining satisfactory documentation recognizing that it has no liabilities in the District, will have grown, through compounding, to approximately Ten Million Dollars by the date of Game Plan Step 9. We anticipate opportunities to garner additional support from other parties.

### **APPENDIX 2:**

Solutions might include passive treatment; additional bulkheading; lime treatment; etc. Game Plan Step 2 is the continuation of the pursuit of innovative technologies to address the problem. Game Plan Step 3 involves the pursuit of funding and resources beyond those already dedicated. Game Plan Step 7 will fully investigate all reasonable solutions.

It is important to note that, even if no alternative technologies are selected and no additional funding or resources are obtained, the Game Plan would result in significant improvements to the Animas.

Assuming the availability of only \$10M ("Base Case"), SGC estimates that a 300 gpm lime treatment plant could be built for approximately \$4M, leaving approximately \$6M for O&M. (Utilizing a 7% discount rate, this would allow the plant to run for around 20 years.) SGC estimates that the Game Plan with Base Case plant treating Cement Creek water fairly near Gladstone would reduce low flow Zn levels at CC-48 and A-72 respectively by approximately 41% and 18%.

Success with Game Plan Step 3 would result in significant additional improvement, even if lime treatment were to be the Preferred Solution. Two examples: 1) SGC estimates that treating the water directly from the major adits with a 300 gpm plant would reduce low flow Zn levels at CC-48 and A-72 respectively by approximately 67% and 34%; and 2) SGC estimates that a 1,000 gpm plant (\$15M combined Capex and Opex) treating Cement Creek water fairly near Gladstone would reduce low flow Zn levels at CC-48 and A-72 respectively by approximately 81% and 34%.